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Renter Rebate Reform Proposal

Why are we here?

- Discuss simplifying and improving outcomes of the Renter Rebate program
- Brief overview of the current program
- Walkthrough of proposed structure
- What we need to achieve our goal

Current Law

Basic Characteristics



Must be domiciled in
Vermont full year

FY19 Statistics



\$8.53 MILLION
DISTRIBUTED



11,919 RECIPIENTS



AVERAGE CREDIT OF
\$716



66% ERROR RATE AND
\$500K ADMIN COST

But Wait,
There's
More.....

**Vermont Landlord Certificate
Vermont Form LC-142**



CLAIMANT: Remember to enter your Social Security Number when you file the rebate claim.

Claimant's Last Name First Name MI Claimant's Social Security Number

Section A: Landlord and Rental Unit Information (Please complete all fields)

Name of Owner or Landlord

Landlord's Mailing Address City State ZIP Code

Location of Rental Unit (number, street/road name) SPAN (from property tax bill)

City/Town Number of Units in this Building

Rental Unit is (check one)
 Apartment House Lot for Mobile Home Mobile Home Boarding Home Nursing Home Assisted Living / Community Care

Items Included in Rent (Check all that apply)
 Heat Furnishing Electricity Personal Care Other Services

Tenant #1 Last Name First Name Tenant #2 Last Name First Name
 Tenant #3 Last Name First Name Tenant #4 Last Name First Name

Section B: Allocable Rent

1. Calendar year 1A	Number of months rented 1B		
2. Monthly rental amount charged	2		.00
3. Total Rent Paid for Calendar year listed on Line 1A	3		.00
4. Less dollar values of items above that were included in rent (heat, electricity, etc.)	4		.00
5. Adjusted rent paid for calendar year listed on Line 1a (Line 3 minus Line 4)	5		0.00
6. For government subsidized rent, enter percent tenant pays. For nonsubsidized rent, enter 100.00%	6	100.00 %	
7. Rent Paid during calendar year solely for the right of occupancy (Multiply Line 5 by Line 6)	7		0.00
8. Rental Adjustment	8	21.00 %	
9. ALLOCABLE RENT (Multiply Line 7 by Line 8) <small>RENTERS: Enter on Form PR-141, Line 3 MOBILE HOME OWNERS: Enter on Form HS-122, Line B10.</small>	9		0.00

FILE ONLINE!

File your claim online at www.myVTax.vermont.gov.
Use this E-file Certificate Number.

Section C: Signature

I certify the rental information on this Landlord Certificate is, to the best of my knowledge and belief, true, correct, and complete.

Signature of landlord or authorized representative Date Daytime Telephone Number

Form LC-142
Rev. 10/18

Clear tenant names & Section B
 Clear ALL data
 Save and go to Important Printing Instructions
 Save and Print

Landlord Certificate
Which must be filed by your landlord every year...

Tax Department Reform Proposal

Basic Characteristics



USES FILER MODIFIED
ADJUSTED GROSS
INCOME (MAGI)

Reform Credit Calculation

- Example Credit Amounts: FY19 Windsor County

	1 exemption	2 exemptions	3 exemptions	4 exemptions
Monthly Avg. Rent	\$810	\$988	\$1,363	\$1,559
Annualized Rent	\$9,720	\$11,856	\$16,356	\$18,708
Multiply by 10%	\$972	\$1,186	\$1,636	\$1,871

- Example Phase-Out: Married w/ 1 Dependent

- Full credit will be received up to \$21,330 of Filer MAGI with a smooth phase-out ending at \$34,250. The Department would calculate the exact credit amount.
- \$25,000 income = \$1,171 credit;
- \$28,000 income = \$791 credit;
- \$31,000 income = \$411 credit

FY21 Estimates



\$9.3 MILLION ESTIMATED
COST



13,616 RECIPIENTS



AVERAGE CREDIT OF \$683



SUBSTANTIALLY SIMPLER
FOR APPLICANTS AND
THE TAX DEPARTMENT



Claimant's Last Name	First Name	MI	Claimant's Social Security Number
Spouse's/CI Partner's Last Name	First Name	MI	Spouse's or CI Partner's Social Security Number
Mailing Address (Number and Street Road or PO Box)		Claimant's Date of Birth (MM/DD/YYYY)	
City	State	ZIP Code	
Vermont School District Code	911 Physical Street Address on 12/31/2020		City/Town of Legal Residence on 12/31/2020
Federal Filing Status	<input type="checkbox"/> Single <input type="checkbox"/> Married/CI Filing jointly <input type="checkbox"/> Married/CI Filing Separately <input type="checkbox"/> Head of Household		Will you be using Renter Rebate to pay income tax liability? <input type="checkbox"/> Yes <input type="checkbox"/> No

To determine eligibility for the Renter Rebate, answer questions 1-3.

- Were you domiciled in Vermont all of calendar year 2020? Yes. Go to Question 2. No. STOP. You are not eligible.
- Were you claimed as a dependent by another taxpayer in 2020? Yes. STOP. You are not eligible. No. Go to Question 3.
- Did you rent in Vermont for 6 months or more in 2020? Yes. Go to Question 4. No. STOP. You are not eligible.

If you are eligible for a Renter Rebate, answer questions 4-8.

- Did you share your rental with another adult who was not your jointly filed spouse? Yes No
- Was your rent subsidized? Yes No
- Home Use: If more than 25% of this rental was used for business, see instructions. If no business use, enter 100%. _____ %
- Number of months rented in 2020 _____
- Number of Personal Exemptions claimed (from Form IN-111, Line 5d) _____
(See the instructions if you did not file Form IN-111)

If you filed a federal income tax return, answer questions 9-12. If you did not file a federal return because your income was under the filing threshold, skip the questions below, sign in the signature section below, and submit the form.

- Adjusted Gross Income (from federal Form 1040, Line 7, or Vermont Form IN-111, Line 1) _____
- Nontaxable Social Security benefits (from federal Form 1040, Line 5a minus Line 5b) _____
- Tax-exempt interest (from federal Form 1040, Line 2a minus 2b) _____
- Total (add lines 1-3) _____

MAXIMUM REBATE AMOUNT IS \$2,500

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Preparer cannot use return information for purposes other than preparing returns.

Signature	Date (MM/DD/YYYY)	Daytime Telephone Number
Signature (if a joint return, BOTH must sign)	Date (MM/DD/YYYY)	Daytime Telephone Number
Paid Preparer's Signature	Date (MM/DD/YYYY)	Preparer's Telephone Number
Firm's Name (or yours if self-employed) and address	Preparer's SSN or PTIN	EIN

Renter Rebate Claim

The Forms

And what about that Landlord Certificate?

Dramatically simpler, and the renter wouldn't need to obtain one to file

Vermont Department of Taxes
Form LC-142
Vermont Landlord Certificate


 * 1 9 1 4 2 1 1 W *

Instructions: Complete one Form LC-142 for each building you own that has its own SPAN and where one or more units are rented.

Section A: Landlord and Rental Unit Information (Please complete all fields)

Name of Owner or Landlord			
Landlord's Mailing Address		City	State ZIP
Location of Rental Unit (number, street/road name)		SPAN (from property tax bill)	
City/Town		Number of Units in this Building	
Rental Unit is (check one) <input type="checkbox"/> Apartment <input type="checkbox"/> House <input type="checkbox"/> Lot for Mobile Home <input type="checkbox"/> Boarding Home <input type="checkbox"/> Nursing Home <input type="checkbox"/> Assisted Living / Community Care			

Section B: Renter Information

Name of Renter		Unit #	Months Rented	Check box if subsidized	Gross rent paid by renter (if subsidized)
First Name	Last Name				
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	

If you have more units, attach as many additional pages as needed.
 You also may e-file this form using the bulk upload feature at myVTax.vermont.gov.

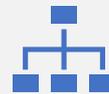
Section C: Signature
 I certify the rental information on this Landlord Certificate is, to the best of my knowledge and belief, true, correct, and complete.

Signature of landlord or authorized representative	Date (MMDDYYYY)	Daytime Telephone Number

Why this approach?



Dramatically simplifies the application process for low income Vermonters



Streamlines Department processing to get credits to eligible renters faster



Focuses more benefit on low income families



Allows unrelated adult renters to receive individual credits

Side-by-Side



Old structure

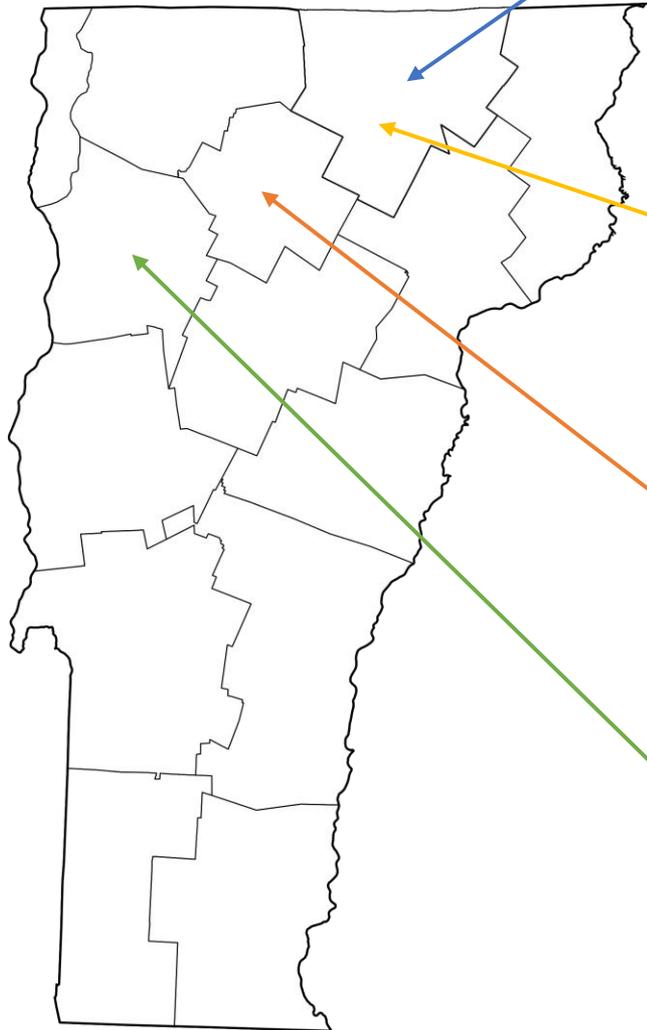
11,919	Recipients
\$716	Average credit
\$8.53 million	Total disbursed



New Structure

13,616	Recipients
\$683	Average credit
\$9.3 million	Total disbursed

Use Cases



Case 1: Married w/ 2 dependents in Orleans County. Household income is \$10,000/yr. Rent is \$650/mo.

Current Law Credit: \$1,188

Reform Credit: \$1,379

Case 2: Single and renting in Orleans County. Household income is \$10,000/yr. Rent is \$650/mo.

Current Law Credit: \$1,188

Reform Credit: \$797

Case 3: Single person in Lamoille County. Household income is \$20,000/yr. Rent is \$700/mo.

Current Law Credit: \$864

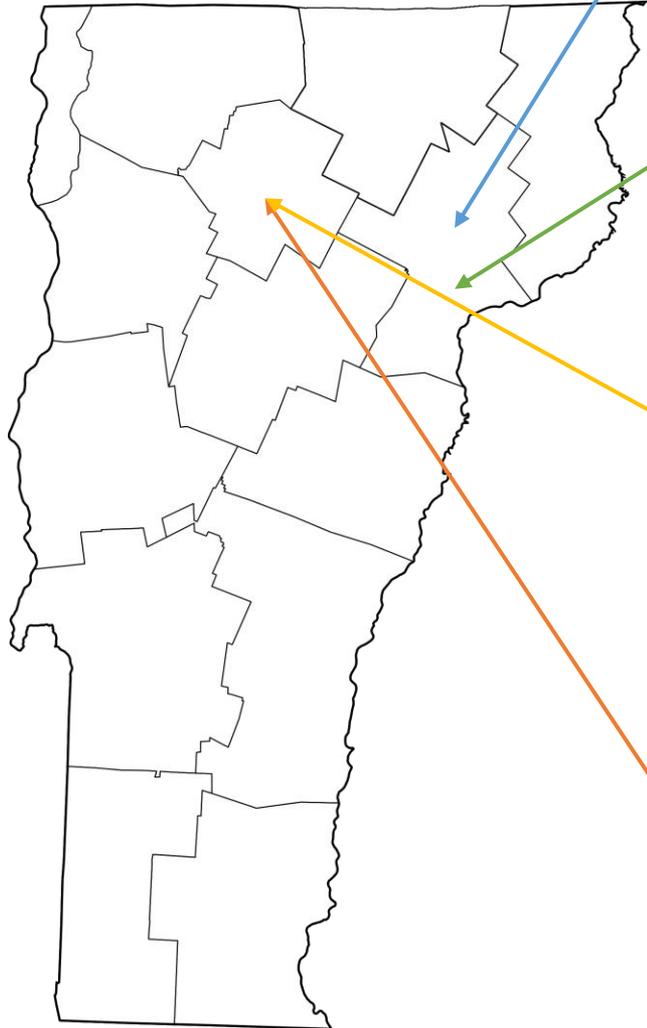
Reform Credit: \$560

Case 4: Single person in Chittenden County. Household income is \$20,000/yr. Rent is \$700mo.

Current Law Credit: \$864

Reform Credit: \$1,358

Use Cases



Case 5: Single in Caledonia County. Household income is \$25,000/yr. Rent is \$700/mo.

Current Law Credit: \$514

Reform Credit: \$100

Case 6: Married in Caledonia County. Household income is \$25,000/yr. Rent is \$700/mo.

Current Law Credit: \$514

Reform Credit: \$401

Case 7: Married w/ 1 dependent in Lamoille County. Household income is \$20,000/yr. Rent is \$1,100/mo.

Current Law Credit: \$1,872

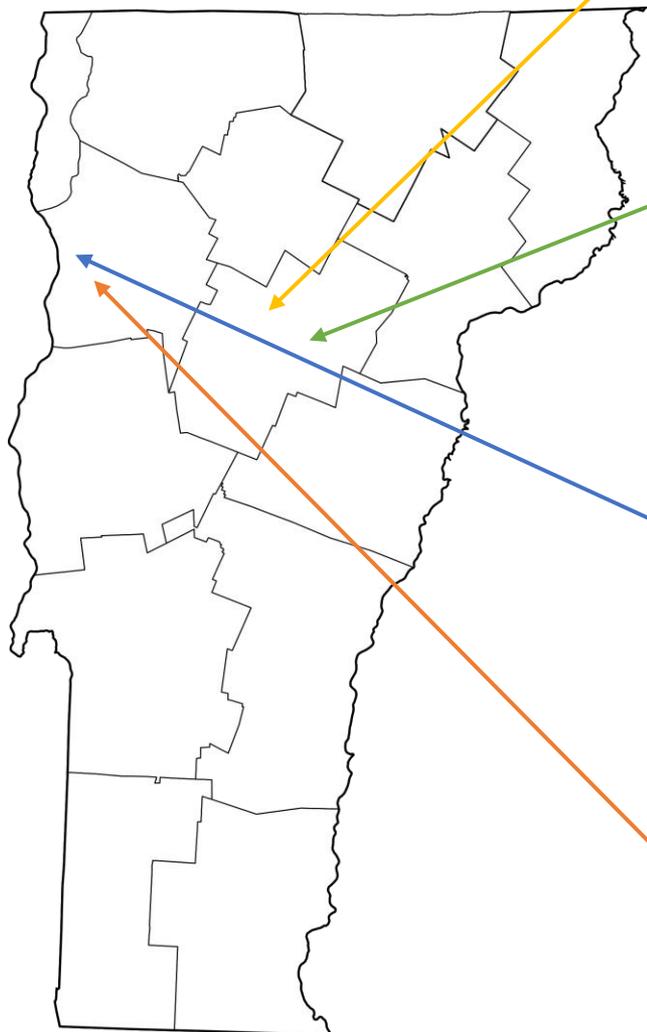
Reform Credit: \$1,486

Case 8: Married w/ 1 dependent in Lamoille County. Household income is \$20,000/yr. Rent is \$500/mo.

Current Law Credit: \$360

Reform Credit: \$1,486

Use Cases



Case 9: Single and renting in Washington County. Household income is \$35,000/yr. Rent is \$850/mo.

Current Law Credit: \$392

Reform Credit: \$0

Case 10: Married w/ 4 dependents and renting in Washington County. Household income is \$35,000/yr. Rent is \$850/mo.

Current Law Credit: \$392

Reform Credit: \$1,822

Case 11: Three singles renting together in Chittenden County. Household income is \$45,000/yr. Rent is \$2,000/mo.

Current Law Credit: \$2,790 (but to one claimant)

Reform Credit: \$721 per person

Case 12: Three singles renting together in Chittenden County. Household income is \$48,000/yr. Rent is \$2,000/mo.

Current Law Credit: \$0

Reform Credit: \$721 per person

What we
need to
achieve
our goal

Support the Department's proposed language to amend title 32 and improve the renter rebate program